

COMMITTEE ON HUMAN SERVICES

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2571

(Reference to printed bill)

1 Page 1, between lines 1 and 2, insert:

2 "Section 1. Section 42-12004, Arizona Revised Statutes, is amended to  
3 read:

4 42-12004. Class four property

5 A. For purposes of taxation, class four is established consisting of:

6 1. Real and personal property and improvements to the property that  
7 are used solely as leased or rented property for residential purposes, that  
8 are not included in class one, two, three, six, seven or eight and that are  
9 valued at full cash value.

10 2. Child care facilities that are licensed under title 36, chapter 7.1  
11 and that are valued at full cash value.

12 3. Real and personal property and improvements to property that are  
13 used to operate nonprofit residential housing facilities that are structured  
14 to house or care for persons who are handicapped or sixty-two years of age or  
15 older and that are valued at full cash value.

16 4. Real and personal property and improvements that are used to  
17 operate licensed residential care institutions or licensed nursing care  
18 institutions that provide medical services, nursing services or health  
19 related services and that are structured to house or care for persons who are  
20 handicapped or sixty-two years of age or older and that are valued at full  
21 cash value.

22 5. Real and personal property consisting of no more than four rooms of  
23 owner-occupied residential property that are leased or rented to transient  
24 lodgers at no more than a fifty per cent average annual occupancy rate,  
25 together with furnishing no more than a breakfast meal, by the owner of the  
26 property and that is valued at full cash value.

27 6. Real and personal property consisting of residential dwellings that  
28 are maintained for occupancy by agricultural employees as a condition of

1 employment or as a convenience to the employer, that is not included in class  
2 three and that is valued at full cash value. The land associated with these  
3 dwellings shall be valued as agricultural land pursuant to chapter 13,  
4 article 3 of this title.

5 7. Real property and improvements to property constituting common  
6 areas that are valued pursuant to chapter 13, article 9 of this title.

7 8. Real and personal property that is defined as timeshare property by  
8 section 32-2197 and valued pursuant to chapter 13, article 10 of this title,  
9 except for any property used for commercial, industrial or transient  
10 occupancy purposes and included in class one to the extent of that use.

11 9. LOW INCOME MULTIFAMILY RESIDENTIAL RENTAL PROPERTIES THAT ARE  
12 VALUED PURSUANT TO CHAPTER 13, ARTICLE 11 OF THIS TITLE.

13 B. Subsection A, paragraphs 3 and 4 of this section shall not be  
14 construed to limit eligibility for exemption from taxation under chapter 11,  
15 article 3 of this title."

16 Page 1, strike lines 18 and 19

17 Renumber to conform

18 Line 23, after the period insert "THE REQUIREMENT OF THIS SUBSECTION IS MET IF  
19 AN AFFIRMATIVE LAND USE RESTRICTIVE COVENANTS AGREEMENT IS NOT YET RECORDED  
20 ON THE PROPERTY BUT THE PROPERTY IS OTHERWISE SUBJECT TO BOTH INCOME AND RENT  
21 RESTRICTIONS UNDER SECTION 42 OF THE INTERNAL REVENUE CODE."

22 Line 28, after "PROPERTY" insert "OR RESTRICTIONS UNDER SECTION 42 OF THE  
23 INTERNAL REVENUE CODE IMPOSED ON THE PROPERTY BUT NOT CONTAINED WITHIN AN  
24 AFFIRMATIVE LAND USE RESTRICTIVE COVENANTS AGREEMENT"

25 Line 34, strike "Exclusive method for valuing" insert "Valuation of"

26 Line 36, strike "ESTABLISHES THE EXCLUSIVE" insert "ALLOWS THE OWNER OF LOW  
27 INCOME MULTIFAMILY RESIDENTIAL RENTAL PROPERTY TO ELECT A STATUTORY INCOME"

28 Line 38, after "B." insert "UPON TIMELY ELECTION BY THE OWNER OF A LOW INCOME  
29 MULTIFAMILY RESIDENTIAL PROPERTY,"

30 Line 40 strike "EXCLUDING FEDERAL INCOME TAX CREDITS"

31 Line 41 strike "FIFTEEN PER CENT." insert "TWELVE AND ONE-HALF PER CENT PLUS THE  
32 EFFECTIVE TAX RATE.

1 C. THE OWNER OF A LOW INCOME MULTIFAMILY RESIDENTIAL RENTAL PROPERTY  
2 MAY ELECT TO HAVE THE VALUATION OF THE PROPERTY DETERMINED BY THE INCOME  
3 APPROACH TO VALUE BY SUBMITTING ALL REASONABLY NECESSARY INCOME AND EXPENSE  
4 INFORMATION FOR THE OWNER'S MOST RECENT FISCAL YEAR TO THE COUNTY ASSESSOR  
5 BEFORE SEPTEMBER 1 OF THE YEAR IMMEDIATELY PRECEDING THE YEAR FOR WHICH THE  
6 PROPERTY WILL BE VALUED. IF THE OWNER DOES NOT HAVE A FULL YEAR HISTORICAL  
7 INCOME AND EXPENSE DATA, THE OWNER MAY SUBMIT AND THE ASSESSOR SHALL USE FOR  
8 VALUATION PURPOSES THE PRO FORMA INCOME AND EXPENSE DATA THAT WAS PROVIDED TO  
9 THE DEPARTMENT OF HOUSING AT THE TIME A PROJECT IS APPROVED.

10 D. THE DEPARTMENT OF REVENUE SHALL PRESCRIBE A FORM FOR AN OWNER OF A  
11 LOW INCOME MULTIFAMILY RESIDENTIAL HOUSING TAX CREDIT PROJECT TO MAKE AN  
12 ELECTION TO VALUE THE PROPERTY PURSUANT TO THIS ARTICLE AND REQUIRE THE OWNER  
13 TO SUBMIT THE NECESSARY INCOME AND EXPENSE INFORMATION.

14 E. FOR THE PURPOSES OF THIS SECTION:

15 1. "ACTUAL ANNUAL EXPENSES" MEANS ALL OPERATING EXPENSES INCLUDING  
16 MAINTENANCE, ADMINISTRATIVE SALARIES AND EXPENSES, UTILITIES, SECURITY  
17 EXPENSES, INSURANCE AND TAXES, EXCEPT PROPERTY TAXES ESTABLISHED PURSUANT TO  
18 SUBSECTION B. FOR PROPERTIES WHERE THE TENANTS PAY THEIR OWN UTILITY COSTS,  
19 UTILITY COSTS FOR COMMON AREAS AND VACANT UNITS ARE INCLUDED IN THE OWNER'S  
20 OPERATING EXPENSES.

21 2. "ACTUAL ANNUAL INCOME" MEANS ALL OPERATING INCOME GENERATED FROM  
22 THE RENTAL OF REAL PROPERTY INCLUDING RENTS, APPLICATION AND LATE FEES AND  
23 FORFEITED SECURITY DEPOSITS. ACTUAL INCOME DOES NOT INCLUDE THE FEDERAL  
24 INCOME TAX CREDITS OR INVESTMENT PROCEEDS RESULTING FROM THE FEDERAL INCOME  
25 TAX CREDITS THAT ARE ALLOCATED TO THE PROPERTY."

26 Amend title to conform

and, as so amended, it do pass

J. PETER HERSHBERGER  
Chairman

2571-hs  
3/6/08  
H:jjb